

**WARNING LETTER  
AND  
NOTICE OF AMENDMENT**

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

January 21, 2000

Mr. John Landrum  
Kenai Region Manager  
North American E&P  
Phillips Petroleum Company  
P.O. Box Drawer 66  
Kenai, AK 99611

**CPF No. 520000001**

Dear Mr. Landrum:

On November 15 through 17, 1999, a representative of the Western Region, Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code, conducted an on site safety inspection of the Phillips onshore/offshore Cook Inlet natural gas pipeline facilities, manuals, and records in Kenai, AK.

As a result of the inspection, it appears that Phillips has committed probable violations as noted below of pipeline safety regulations Title 49, Code of Federal Regulations (CFR), Part 192. The items inspected and probable violations are:

1. **§192.481 Atmospheric corrosion control: Monitoring. After meeting the requirements of §192.479 (a) and (b), each operator shall, at intervals not exceeding 3 years for onshore pipeline and at least once each calendar year, but with intervals not exceeding 15 months, for offshore pipelines, reevaluate each pipeline that is exposed to the atmosphere and take remedial action whenever necessary to maintain protection against atmospheric corrosion.**

Phillips' Gas Pipeline procedures are inadequate because they employ a 5 year cycle for the inspections for atmospheric corrosion and not the required 3 year cycle.

2. **§192.605 Procedural manual for operations, maintenance, and emergencies.** Each operator shall include the following in its operating and maintenance plan:
  - (d) **Safety-related condition reports.** The manual required by paragraph (a) of this section must include instructions enabling personnel who perform operation and maintenance activities to recognize conditions that potentially may be safety-related conditions that are subject to the reporting requirements of §191.23 of this subchapter.

Phillips' procedures for reporting Safety Related Conditions are inadequate because they have no facility-specific instructions that enable personnel to recognize safety-related conditions. Instead, Parts 191 and 192 are referenced as having criteria to be used in the determination of a Safety Related Condition. Citation of U.S. DOT regulations cannot be used as a sole reference for determination of safety-related conditions. Instructions must be specific to the facility.

3. **§192.465 External corrosion control: Monitoring.**(a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463. However, if tests at those intervals are impractical for separately protected short sections of mains or transmission line, not in excess of 100 feet (30 meters), or separately protected service line, these pipelines may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.

Phillips' cathodic protection monitoring procedures are inadequate because they prescribe the use of an "ON" pipe to soil potential of -.85 Volt with reference to a saturated copper-copper sulfate half cell at ground surface as a determination of adequate cathodic protection which does not account for (IR) drops. Under Appendix D section I, which §192.463 references, a structure is considered protected if there is a negative (cathodic) voltage of at least 0.85 volt. (Determination of this voltage must be made with the protective current applied, and in accordance with sections II and IV of this appendix.) Section II states IR drops other than those across the structure electrolyte boundary must be considered for valid interpretation of the voltage measurement in paragraphs A(1) of section I of the appendix. Instant "off" voltage is considered one acceptable method of accounting for IR drops. As justification for the above procedure Phillips provided OPS a copy of RPO169-83 Section 6: Criteria for

Cathodic Protection which does not address IR drops. Current versions of RPO169 do state that IR drops must be taken into account for valid interpretation of voltage measurements.

4. **§192.463 External corrosion control: Cathodic protection.**
  - (a) **Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in Appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one or more of these criteria.**

September 1999 cathodic protection survey instant “off” potentials were less negative than -.85 volts with reference to a saturated copper-copper sulfate half cell at the Phillips side lift site number 6 and at MP 16+5179.

In regard to Items 1, 2, and 3 when it is found that an operator's procedures are inadequate the operator, after notice and opportunity for hearing as provided in 49 CFR §190.237, may be required to amend its plans and procedures. This letter serves as your notice of the inadequate procedures and your response options as prescribed under §190.237. The operator is allowed thirty (30) days after receipt of such notice to submit written comments or request an informal hearing. After considering the material presented, the Office of Pipeline Safety is required to notify the operator of the required amendment or to withdraw the notice proposing the amendment. If you do not desire to contest the notice, within thirty (30) days of receipt of this notice, you must prepare the revised procedures and provide a copy to:

Director, Western Region  
Office of Pipeline Safety  
Research and Special Programs Administration  
12600 West Colfax Avenue, Suite A-250  
Lakewood, Colorado 80215

In regard to Item 4, pursuant to 49 United States Code, §60122, you are subject to a civil penalty not to exceed \$25,000 for each violation for each day the violations persists up to a maximum of \$500,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to assess you a civil penalty. We advise you, however, that should you not correct the circumstances leading to the violations or those violations reoccur, we will take enforcement action when and if the continued violations come to our attention.

You will not hear from us again with regard to Items 3 and 4 and our subsequent action. Because of the good faith that you have exhibited up to this time, we expect that you will act to bring your pipeline and your operations into compliance with pipeline safety regulations.

Please refer to **CPF No. 520000001** in any correspondence or communication on this matter.

Sincerely,

Chris Hoidal P.E.  
Director

Enc: Response Options

cc: Compliance Registry(3)

W:\WEBSRV\WEB\WEBSITE\westerndocs\520000001.wpd